Client Alert

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Rule 4(k)(2): Preventing Foreign Defendants from Escaping Personal Jurisdiction

Federal Rule of Civil Procedure 4(k)(2), adopted in 1993, prevents foreign defendants that have violated United States Federal laws from escaping suit for lack of personal jurisdiction. Prior to the adoption of Rule 4(k)(2), foreign defendants whose contacts with any particular state forum were not sufficient to support personal jurisdiction were able to move for dismissal, even if they had sufficient contacts warranting claims for violation of Federal laws. Rule 4(k)(2) remedied that situation and has allowed, for example in *Mwani v. Bin Laden,* 417 F.3d 1 (D.C. Cir. 2005), personal jurisdiction in U.S. courts over foreign terrorists performing acts outside the United States that affect Americans (the bombing of an American embassy). More recently, the Federal Circuit (the appeal Court for all patent related cases) has affirmed the application of Rule 4(k)(2) to foreign patent infringement defendants. This alert highlights the factual scenarios in which Rule 4(k)(2) has been used to obtain personal jurisdiction over foreign defendants in patent related matters.

Rule 4(k)(2) states:

For a claim that arises under federal law, serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant if:

(A) the defendant is not subject to jurisdiction in any state's courts of general jurisdiction; and

(B) exercising jurisdiction is consistent with the United States Constitution and laws.

Fed. R. Civ. P. 4(k)(2). To apply Rule 4(k)(2), 3 prongs must be met: "the plaintiff's claim must arise under federal law, the defendant must not be subject to jurisdiction in any state's courts of general jurisdiction, and exercise of jurisdiction must comport with due process." *Bradford Co. v. ConTeyor North America, Inc., et al.,* 2009-1472 at 16 (Fed. Cir. April 29, 2010).

In *Bradford Co.,* ConTeyor Multibag Systems, N.V. ("ConTeyor NV"), an alleged patent infringer from Belgium, had contacts with Ohio, but those contacts were not sufficient to support personal jurisdiction under Ohio's long-arm statute. At the lower court, besides denying jurisdiction in Ohio, ConTeyor NV did not identify another state where it would be subject to jurisdiction, even though it later identified Michigan as an alternate forum. The Federal Circuit remanded to the Southern District of Ohio to determine whether ConTeyor NV's contacts with the United States as a whole supported personal jurisdiction under Rule 4(k)(2). *See id.* at 16-18. In its decision to do so, the Federal Circuit relied upon *Touchcom, Inc., et al. v. Bereskin & Parr, et al.,* 574 F.3d 1403 (Fed. Cir. Aug. 3, 2009) where it adopted the Seventh Circuit's approach that allows a court to use Rule 4(k)(2) "whenever a foreign defendant contends that he cannot be sued in the forum state [for lack of general personal jurisdiction] and refuses to identify any other state where suit is possible." *Bradford Co.,* 2009-1472 at 17.

In Touchcom, the Federal Circuit reversed and found under Rule 4(k)(2) that personal jurisdiction existed over a Canadian law firm being sued for malpractice related to prosecution of a PCT national phase patent application before the United States Patent and Trademark Office in Virginia (where

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the USPTO is located), even though the law firm was never physically in Virginia. Rule 4(k)(2) applied because the Canadian law firm failed to name another state in which it would be subject to jurisdiction. *See Touchcom, Inc.,* 574 F.3d at 1415-16. Further the three prongs of Rule 4(k)(2) were met: (1) the malpractice claim arose under federal law since the determination involved a substantial question of federal patent law; (2) the firm's contacts were not sufficient to subject it to jurisdiction under Virginia's long-arm statute; and (3) the firm's contacts with the United States, which formed the basis of the action, satisfied due process. *Id.* at 1412-18.

Similarly in *Synthes v. GMReis,* 563 F.3d 1285 (Fed. Cir. April 17, 2009), the Federal Circuit reversed and found personal jurisdiction over GMReis, an alleged Brazilian patent infringer. Giving rise to a claim of patent infringement, GMReis imported into and displayed in the United States five sample locking bone plating systems at a trade show in California; however, at the trade show, GMReis did not display prices, never sold any of the systems and did not even have FDA approval to do so, and intended to sell the systems only to international customers. Additionally, GMReis also exhibited its products at seven other trade shows in the United States, purchased parts for its machines in the United States, and purchased products in the United States for resale in Brazil. The Federal Circuit found these contacts with the United States as a whole were sufficient to meet each of the 3 prongs of Rule 4(k)(2), even though they were not sufficient to support general personal jurisdiction in California. *See Synthes,* 563 F.3d at 1296-1300.

The Federal Circuit's affirmations of Rule 4(k)(2) applications illustrate how personal jurisdiction can be found over foreign patent infringers even if their activities in the United States giving rise to a claim of patent infringement do not support personal jurisdiction under a single state's long-arm statute.

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